

Message Text

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17

ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

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GC/ASIA:KITAY

EXIMBANK:CHAMMOND

AID/NESA:RBECKMAN

L/EB:SBOND (SUBS)

TREASURY:SCANNER (INFO)

NEA/PAB:CUNNINGHAM

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R 162219Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY DACCA

INFO AMEMBASSY ISLAMABAD

UNCLAS STATE 296332

E.O. 11652: N/A

TAGS: EAID, EFIN, BG, PK, EXIM

SUBJECT: BILATERAL DEBT AGREEMENT WITH BANGLADESH

REF: DACCA 5957

1. IN PREPARING BILATERAL US-BDG DEBT AGREEMENT IN TREATY
FORMAT, WE FOUND IT NECESSARY TO MAKE SOME VERY MINOR
GRAMMATICAL CHANGES IN AGREED TEXT.

2. WE ALSO FOUND IT NECESSARY TO MAKE TWO CHANGES TO
ACCOUNT FOR THE FACT THAT EXPORT-IMPORT BANK LOANS AS WELL
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AS AID LOANS ARE INCLUDED IN THE DEFINITION OF "VISIBLE
PROJECT LOANS":

(A) ARTICLE III - PARAGRAPH 2: THE WORDS "CONSOLI-

DATED PRINCIPAL" USED IN THE NEXT TO LAST LINE ARE DELETED
AND REPLACED BY "PRINCIPAL".

(B) ARTICLE IV - PARAGRAPH 4: THE WORDS "CONSOLIDATED
PRINCIPAL" ARE DELETED AND REPLACED BY "OUTSTANDING
PRINCIPAL OF THE VISIBLE PROJECT LOANS".

3. WE HAVE PREPARED THE AGREEMENT, WITH THE ABOVE MENTIONED
CHANGES, IN TREATY FORMAT AND WILL AWAIT YOUR NOTIFICATION
THAT BDG HAS AUTHORIZED THEIR EMBASSY TO SIGN. (WE STILL
BELIEVE IT DESIRABLE TO CONCLUDE BILATERAL AGREEMENT ON
THE SAME DAY AS SIMILAR AGREEMENT IS CONCLUDED WITH
PAKISTAN.) REQUEST YOU ALSO INFORM US AS TO WHOM THE BDG
WISHES TO HAVE LISTED IN PARAGRAPHS 1 AND 2 OF ARTICLE IV.

4. TEXT OF AGREEMENT--REFLECTING CHANGES NOTED IN PARAS
1 AND 2--NOW READS AS FOLLOWS:

..AGREEMENT BETWEEN THE PEOPLE'S REPUBLIC OF BANGLA-
DESH ("BANGLADESH") AND THE UNITED STATES OF AMERICA
("UNITED STATES") DATED , 1975 WHEREAS PURSUANT TO A
SERIES OF NEGOTIATIONS BETWEEN BANGLADESH AND THE
CREDITOR NATIONS INCLUDING THE UNITED STATES WITH RESPECT
TO PRE-1971 FOREIGN DEBTS, THE GOVERNMENT OF BANGLADESH
HAS AGREED TO ASSUME THE PERFORMANCE OF CERTAIN REPAYMENT
OBLIGATIONS WITH RESPECT TO CERTAIN PROJECTS VISIBLY
LOCATED IN THE TERRITORIES NOW COMPRISED IN BANGLADESH;
AND

WHEREAS IN VIEW OF SUCH ACCEPTANCE OF OBLIGATIONS WITH
RESPECT TO VISIBLE PROJECT LOANS, THE UNITED STATES, AMONG
OTHER THINGS, HAS AGREED TO PROVIDE CERTAIN DEBT RELIEF TO
BANGLADESH AND COOPERATE WITH THE CREDITOR NATIONS ON
MATTERS CONCERNING THE GENERAL ECONOMIC SITUATION IN
BANGLADESH.

NOW THEREFORE FOR GOOD AND VALUABLE CONSIDERATION, THE
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PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I
VISIBLE PROJECT LOANS

1. DEFINITION. "VISIBLE PROJECT LOANS" AS SUCH TERM IS
USED HEREIN REFERS EXCLUSIVELY TO THOSE LOANS (AND AMOUNTS
ASCRIBED THERETO DUE AND PAYABLE ON AND AFTER JULY 1, 1974)
LISTED ON ANNEXES A AND B ATTACHED HERETO WHICH ARE DEEMED
TO RELATE TO VISIBLE PROJECTS NOW LOCATED IN THE AREA
COMPRISING BANGLADESH.

2. ASSUMPTION OF VISIBLE PROJECT LOANS. BANGLADESH HERE-

BY ASSUMES THE PERFORMANCE OF ALL PAYMENT OBLIGATIONS PERTAINING TO THE VISIBLE PROJECT LOANS AND, EXCEPT AS SUCH LOANS ARE AMENDED HEREBY, AGREES TO PERFORM SUCH PAYMENT OBLIGATIONS ALL WITH FULL FORCE AND EFFECT AS IF BANGLADESH HAD ORIGINALLY CONTRACTED FOR THE VISIBLE PROJECT LOANS AS THE "BORROWER" NAMED THEREIN.

3. FURTHER ASSURANCES. THE PARTIES HERETO SHALL AT THE REQUEST OF EITHER PARTY EXECUTE AND DELIVER SUCH INSTRU-

MENTS AND OTHERWISE TAKE SUCH STEPS AS MAY BE REASONABLE AND PROPER TO EFFECTUATE THE FOREGOING ASSUMPTION OF RESPONSIBILITY BY BANGLADESH.

ARTICLE II PAYMENTS AND TERMS

1. CONSOLIDATION AND AMENDMENT. THE TOTAL PRINCIPAL AMOUNT DUE ON THE VISIBLE PROJECT LOANS APPEARING IN ANNEX A IS \$85,101,236.36 (THE "CONSOLIDATED PRINCIPAL").

A. INTEREST: BANGLADESH SHALL PAY TO THE UNITED STATES INTEREST WHICH SHALL ACCRUE AT THE RATE OF 1.6 PER ANNUM ON OUTSTANDING BALANCE OF THE CONSOLIDATED PRINCIPAL AND ON ANY DUE AND UNPAID INTEREST. INTEREST SHALL ACCRUE FROM THE LAST PAYMENT DUE DATE IN UNTIED STATES FISCAL YEAR 1974 ON EACH OF THE UNDERLYING LOANS AND SHALL BE COMPUTED ON THE BASIS OF A 365-DAY YEAR.
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INTEREST SHALL BE DUE SEMI-ANNUALLY COMMENCING JULY 1, 1974. PAYMENTS OF INTEREST DUE IN ACCORDANCE WITH THIS AGREEMENT, BEGINNING JULY 1, 1974 THRU JANUARY 1, 1989 INCLUSIVE, SHALL BE CAPITALIZED AND ADDED TO THE CONSOLIDATED PRINCIPAL ON THE DATES SUCH INTEREST WOULD OTHERWISE BE PAYABLE.

B. PAYMENT: BANGLADESH SHALL PAY TO THE UNITED STATES THE CONSOLIDATED PRINCIPAL WITHIN FORTY (40) YEARS FROM JULY 1, 1974, INCLUDING A FIFTEEN (15) YEAR GRACE PERIOD. PAYMENTS SHALL BE MADE IN FIFTY-ONE (51) APPROXIMATELY EQUAL SEMI-ANNUAL INSTALLMENTS OF PRINCIPAL AND INTEREST. THE FIRST INSTALLMENT OF PRINCIPAL SHALL BE DUE JULY 1, 1989. ATTACHED HERETO AS ANNEX C IS AN AMORTIZATION SCHEDULE CALCULATED IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

2. APPLICATION, CURRENCY, AND PLACE OF PAYMENT. ALL PAYMENTS OF INTEREST AND PRINCIPAL MADE PURSUANT TO THE TERMS OF ARTICLE II HEREUNDER SHALL BE MADE IN UNITED STATES DOLLARS AND SHALL BE APPLIED FIRST TO THE PAYMENT OF INTEREST DUE AND THEN TO THE PAYMENT OF PRINCIPAL. EXCEPT

AS THE UNITED STATES MAY OTHERWISE SPECIFY IN WRITING, ALL SUCH PAYMENTS SHALL BE MADE TO THE COMPTROLLER, AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DISTRICT OF COLUMBIA, UNITED STATES OF AMERICA AND SHALL BE DEEMED MADE WHEN RECEIVED BY THE OFFICE OF THE COMPTROLLER.

3. PREPAYMENT. UPON PAYMENT OF ALL INTEREST THEN DUE, BANGLADESH MAY PREPAY, WITHOUT PENALTY, ALL OR ANY PART OF THE INSTALLMENTS OF CONSOLIDATED PRINCIPAL IN THE INVERSE ORDER OF THEIR MATURITY.

4. RENEGOTIATION. BANGLADESH AGREES TO NEGOTIATE WITH THE UNITED STATES, AT SUCH TIME OR TIMES AS THE UNITED STATES MAY REQUEST, AN ACCELERATION OF THE PAYMENT OF THE CONSOLIDATED PRINCIPAL IN THE EVENT THAT THERE IS SIGNIFICANT IMPROVEMENT IN THE INTERNAL AND EXTERNAL ECONOMIC AND FINANCIAL POSITION AND PROSPECTS OF BANGLADESH.

ARTICLE III
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SPECIAL COVENANTS

1. INFORMATION AND REPORTS. BANGLADESH SHALL FURNISH TO THE UNITED STATES SUCH INFORMATION AND REPORTS RELATING TO THE VISIBLE PROJECT LOANS AS THE UNITED STATES MAY REASONABLY REQUEST. THE AUTHORIZED REPRESENTATIVES OF THE UNITED STATES SHALL HAVE THE RIGHT AT ALL REASONABLE TIMES TO INSPECT THE VISIBLE PROJECTS, THE UTILIZATION OF ALL GOODS AND SERVICES FINANCED UNDER THE VISIBLE PROJECT LOANS AND THE BOOKS, RECORDS, AND OTHER DOCUMENTS IN THE POSSESSION OF BANGLADESH RELATING TO THE VISIBLE PROJECTS.

2. EVENTS OF DEFAULT; ACCELERATION. IF BANGLADESH SHALL HAVE FAILED TO PAY WHEN DUE ANY INTEREST OR INSTALLMENT OF PRINCIPAL REQUIRED UNDER THIS AGREEMENT OR REQUIRED UNDER ANY OTHER LOAN AGREEMENT OR GUARANTY AGREEMENT BETWEEN BANGLADESH AND THE UNITED STATES, BANGLADESH SHALL BE DEEMED TO BE IN DEFAULT UNDER THIS AGREEMENT. UNLESS THE EVENT OF DEFAULT IS CURED WITHIN NINETY (90) DAYS AFTER THE UNITED STATES GIVES NOTICE TO BANGLADESH OF SUCH DEFAULT, THE UNITED STATES MAY, AT ITS OPTION, DECLARE THE ENTIRE AMOUNT OF THE UNPAID PRINCIPAL AND INTEREST TO BE DUE AND PAYABLE IMMEDIATELY.

ARTICLE IV
MISCELLANEOUS

1. COMMUNICATION. ANY NOTICE, REQUEST, DOCUMENT, OR OTHER COMMUNICATION GIVEN, MADE OR SENT BY BANGLADESH OR THE UNITED STATES PURSUANT TO THIS AGREEMENT SHALL BE IN WRITING AND SHALL BE DEEMED TO HAVE BEEN DULY GIVEN, MADE

OR SENT TO THE PARTY TO WHICH IT IS ADDRESSED WHEN IT SHALL BE DELIVERED TO SUCH PARTY BY HAND OR BY MAIL, TELEGRAM, CABLE, OR RADIOGRAM AT THE FOLLOWING ADDRESSES:

TO THE UNITED STATES: THE UNITED STATES AMBASSADOR
TO BANGLADESH;

TO BANGLADESH:

2. REPRESENTATIVES. FOR ALL PURPOSES RELATIVE TO THIS
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AGREEMENT BANGLADESH WILL BE REPRESENTED BY THE INDIVIDUAL HOLDING OR ACTING IN THE OFFICE OF AND THE UNITED STATES WILL BE REPRESENTED BY THE INDIVIDUAL HOLDING OR ACTING IN THE OFFICE OF AMBASSADOR. SUCH INDIVIDUALS SHALL HAVE THE AUTHORITY TO DESIGNATE ADDITIONAL REPRESENTATIVES BY WRITTEN NOTICE.

3. PROMISSORY NOTES. AT SUCH TIME OR TIMES AS THE UNITED STATES MAY REQUEST, BANGLADESH SHALL ISSUE PROMISSORY NOTES OR SUCH OTHER EVIDENCE OF INDEBTEDNESS WITH RESPECT TO THIS AGREEMENT AND THE VISIBLE PROJECT LOANS, IN SUCH FORM, CONTAINING SUCH TERMS AND SUPPORTED BY SUCH LEGAL OPINIONS AS THE UNITED STATES MAY REASONABLY REQUEST.

4. TERMINATION ON FULL PAYMENT. UPON PAYMENT IN FULL OF THE OUTSTANDING PRINCIPAL ON THE VISIBLE PROJECT LOANS AND OF ANY ACCRUED AND UNPAID INTEREST THEREON, THIS AGREEMENT AND ALL OBLIGATIONS OF BANGLADESH UNDER THE VISIBLE PROJECT LOANS SHALL TERMINATE.

5. EFFECTIVE DATE. THE CONDITIONS PRECEDENT TO THE EFFECTIVENESS OF THIS AGREEMENT ARE:

(A) THIS AGREEMENT WILL ENTER INTO FORCE WHEN THE GOVERNMENT OF THE UNITED STATES NOTIFIES THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH IN WRITING THAT DOMESTIC UNITED STATES LAWS AND REGULATIONS COVERING DEBT RESCHEDULING HAVE BEEN COMPLIED WITH.

(B) THE RECEIPT BY THE UNITED STATES, IN THE FORM AND SUBSTANCE SATISFACTORY TO THE UNITED STATES, OF AN OPINION OF THE MINISTRY OF JUSTICE OF BANGLADESH TO THE EFFECT THAT THIS AGREEMENT HAS BEEN DULY AUTHORIZED AND/OR RATIFIED BY, AND EXECUTED ON BEHALF OF BANGLADESH AND THAT IT CONSTITUTES A VALID AND LEGALLY BINDING OBLIGATION OF BANGLADESH IN ACCORDANCE WITH ALL OF ITS TERMS.

IF, AFTER SIXTY (60) DAYS FROM THE DATE HEREOF, OR SUCH LATER DATE AS MUTUALLY AGREED UPON IN WRITING, THE ABOVE CONDITIONS PRECEDENT SHALL NOT HAVE BEEN FULFILLED, THIS

AGREEMENT SHALL BE NULL AND VOID. THE UNITED STATES
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SHALL NOTIFY BANGLADESH UPON ITS DETERMINATION THAT THE
CONDITIONS PRECEDENT HAVE BEEN FULFILLED.

PEOPLE'S REPUBLIC OF BANGLADESH UNITED STATES OF AMERICA
BY..... BY.....
TITLE..... TITLE.....
INGERSOLL

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<< END OF DOCUMENT >>

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